

Message Text

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INFO OCT-01 ISO-00 NEA-06 FEA-01 AEC-05 AID-05 CEA-01

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2422

INFO DEPT OF COMMERCE WASHDC

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

AMCONSUL MUNICH

US MISSION BERLIN 868

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E. O. 11652: N/A

TAGS: ENRG, HU, UR

SUBJ: SOVIET-HUNGARIAN AGREEMENT ON 1975 OIL SHIPMENTS

1. ECONOMIC DAILY VILAGGAZDASAG REPORTS THAT HUNGARIAN FOREIGN TRADING COMPANY MINERALIMPEX HAS CONCLUDED AGREEMENT WITH SOVIET COUNTERPART PROVIDING FOR SHIPMENTS OF CRUDE OIL AND PETROLEUM PRODUCTS TO HUNGARY IN 1975.

ACCORDING TO TERMS OF AGREEMENT, SOVIETS WILL SUPPLY HUNGARY WITH 6 MILLION TONS OF CRUDE OIL AND 800,000 TONS OF OIL PRODUCTS IN 1975 AS COMPARED TO 5.7 MILLION TONS OF CRUDE AND 500,000 TONS OF OIL PRODUCTS DELIVERED

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IN 1974. PRICE OF CRUDE WILL BE UNCHANGED 15.89 RUBLES

PER TON. SOVIET OIL DELIVERIES ARE EXPECTED TO COVER TWO-THIRDS OF HUNGARY'S TOTAL PLANNED CONSUMPTION OF 9 MILLION TONS IN 1975. OF REMAINDER, APPROXIMATELY 2 MILLION TONS COME FROM HUNGARIAN DOMESTIC PRODUCTION AND 1 MILLION FROM MIDDLE EAST (PRIMARILY IRAQ) AT PREVAILING WORLD PRICES.

2. ARTICLE ALSO STATES THAT ALL SOCIALIST COUNTRIES WILL BE RECEIVING 5 PERCENT MORE CRUDE OIL FROM SOVIET UNION DURING COMING YEAR AT UNCHANGED PRICES. AGREEMENT ON OIL DELIVERIES HAS ALREADY BEEN REACHED WITH POLAND AND NEGOTIATIONS ARE EXPECTED TO BE CONCLUDED SOON BETWEEN BULGARIA, CZECHOSLOVAKIA AND EAST GERMANY. VILAGGAZDASAG NOTES THAT DISCUSSION WITH ROMANIA ON SUBJECT OF NEXT YEAR'S OIL DELIVERIES WERE "CONTINUING."

3. COMMENT: WHILE HUNGARIANS NO DOUBT WOULD HAVE PREFERRED LARGER INCREASE IN SOVIET OIL SHIPMENTS IN 1975, THEY MAY BE THANKFUL FOR THE 5 PERCENT JUMP, PARTICULARLY SINCE 5.7 MILLION TONS OF SOVIET OIL DELIVERED IN 1974 APPROX SAME AS 1973 WHEN SOVIET SHIPMENTS TOTALLED 5.76 MILLION TONS. HOWEVER, IF SOVIET INCREASES IN OIL DELIVERIES CONTINUE AT SAME MODEST RATES, TOTAL SHIPMENTS BY 1980 WILL BE CONSIDERABLE BELOW THE 8.5 MILLION TONS OF SOVIET OIL WHICH HUNGARIANS HAD HOPED FOR EARLIER THIS YEAR.
PEDERSEN

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